March 24, 2026

Ms. Bethany Rhodes, Director
Ohio Retirement Study Council
30 E. Broad Street, 2nd Floor
Columbus, Ohio 43215

Dear Ms. Rhodes:

In accordance with Ohio Revised Code Section 5505.111, this report details the internal audit activities of the Highway Patrol Retirement System (HPRS) for the year 2025. The Summit County Internal Audit Department was once again retained by HPRS to perform internal audit services throughout the year. The findings and reports generated by the audit were presented to both the HPRS Audit Committee and the HPRS Board on December 18, 2025, ensuring transparency and accountability in the audit process.

In addition to the internal audit activities, Rea & Associates, an independent auditing firm selected by the Auditor of State, conducted a financial audit of HPRS. Rea & Associates presented to the Audit Committee on June 20, 2025, providing HPRS with an update that the audit was in its final stages of being completed and that no weaknesses or deficiencies were found. An unmodified opinion, indicating a clean bill of health regarding its financial statements, was reported shortly after. Importantly, the report noted no deficiencies in HPRS' internal controls, underscoring the effectiveness of the system's financial management practices.

The HPRS Audit Committee met on the following dates in 2025 and took the following actions:

- **February 20, 2025:** The Audit Committee Charter and 2025 Work Plan were presented to the committee and accepted. The Audit Committee reviewed the latest trustee expense reports and confirmed they are compliant with HPRS policies.

- **April 17, 2025:** The committee reviewed the latest trustee expense reports and confirmed they are compliant with HPRS policies.

- **June 20, 2025:** Rea & Associates reported on the 2024 audit and noted it is in the final stages of being completed and that no material weaknesses or significant deficiencies found. The 2024 HPRS Annual Comprehensive Financial Report was in its final stage and on track to be submitted to the Auditor of State and the Office of Budget and Management by June 30. The Summit County Internal Audit Department was recommended for 2025, and their proposed scope of work, including an overall risk assessment for this and future internal audits, was presented. The committee reviewed the latest trustee expense reports and confirmed they are compliant with HPRS policies.

- **October 16, 2025:** Trooper Derek Malone was re-elected as Committee Chair, and Trooper Cynthia Wilt was re-elected as Vice-Chair. The HPRS Internal Controls Manual was presented and approved by the committee. The committee reviewed the latest trustee expense reports and confirmed they are compliant with HPRS policies.

- **December 18, 2025:** Representatives of the Summit County Internal Audit Department complimented the staff for their work and reported that the 2025 Internal Audit went exceptionally well. The 2025 Performance Audit Report was presented, focusing on purchasing and expenditures, revenue, payroll, ORC compliance, investments, and human resources. Auditors reported that any issues found were minor and most corrected immediately, with a management action plan agreed to for the remainder. The Accounting Policy and Procedures, which is required to be reviewed annually by the committee, was approved with minor changes. The committee reviewed and approved all trustee expense reports and confirmed they are compliant with HPRS policies.

If you have any questions, please contact me.

Sincerely,

Carl Roark

Carl Roark, Ph.D.
Executive Director
direct dial 614.430.3557
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Highway Patrol Retirement System
2025 Annual Audit Report
(Submitted to ORSC 03/24/2026)

Current Year Completed Audits with Recommendations and Management Response

Audit Area	Scope	Recommendation, Risk Rating, and Summarized Finding	Management's Response	Recommendation Status	Previous/ Anticipated Implementation Date
Purchasing & Expenditures	HPRS policies and procedures were obtained and reviewed, interviews were conducted, and flowcharts were created and approved to gain an understanding of the purchasing and expenditures process. A sample of expenditures was selected and detail testing was performed to verify the invoice was approved for payment, the invoice was approved by the appropriate level of managment, and that the payments were made to the correct vendor for the correct amount.	**Issue 1:** Upon detail testing of p-card transactions, IAD noted three (3) out of sixty-five (65), or 5%, instances where the purchase exceeded one-thousand-dollar ($1,000) threshold, which is unallowable per HPRS policy. **Recommendation:** IAD recommends all p-card purchases not exceed one thousand dollars ($1,000) or update the policy to include an additional layer of approval that must be obtained for those purchases that exceed the threshold. This will help to ensure compliance with HPRS policies and procedures.	Management reviewed the Purchasing and Purchasing Card policies during the audit process and addressed the identified issue. A recommendation was submitted to the Board to increase the “not-to-exceed” amount to $5,000. The Board approved the revised policies at its October 2025 meeting.	Closed	10/16/2025

		Issue 2: Upon detail testing of HPRS office supply purchases, IAD noted three (3) out of eight (8), or 38%, instances where IAD could not determine if proper segregation of duties exists over the purchasing and receiving process (e.g., packing slip was not initialed or could not be located). **Recommendation:** IAD recommends that an employee independent of the employee who placed the order, reconcile the items received to the packing slip and initial the slip. This will help to ensure a proper segregation of duties and that proper procedures are in place and consistently followed.	The Purchasing Policy has been revised to establish a formal procedure for receiving supplies at HPRS. The updated policy requires two authorized signatures as a verification of the receipt of goods.	Closed	12/18/2025
		Comments: None			
		Issue 3: Upon detail testing of HPRS out of state staff travel expenses, IAD noted the following: • One (1) out of nine (9), or 11%, instances where IAD could not determine if a travel estimate was completed, in accordance with policies and procedures, because supporting documentation could not be located. • Two (2) out of six (6), or 33%, instances where IAD could not determine if employee travel was approved by the Executive Director, in accordance with policies and procedures, because supporting documentation could not be located. **Recommendation:** IAD recommends that a travel estimate be completed and prior approval be obtained from the Executive Director for all out of state staff travel. This will help to ensure compliance with HPRS policies and procedures.	Travel procedures are clearly defined in the HPRS Travel Policy, and all staff members have reviewed this policy to ensure compliance with the established guidelines. Additionally, an internal checklist has been created to ensure all future documentation is complete.	Closed	12/8/2025
		Comments: None			

Revenue	HPRS policies and procedures were obtained and reviewed, interviews were conducted, and flowcharts were created and approved to gain an understanding of the revenue process. Monthly bank reconciliations were obtained and reviewed to ensure bank reconciliations were performed timely and a supervisor review was performed and documented. In addition, a sample of bank reconciliations was selected and detail testing was performed to ensure the completeness and accuracy of the bank reconciliation.	**Issue:** Upon detail testing of the monthly bank reconciliations, IAD noted the following twelve (12) out of twelve (12), or 100%, instances where the bank reconciliation was not performed timely (e.g., the following month). **Recommendation**: IAD recommends the bank reconciliation be performed timely (e.g., by the end of the following month) and document the date the review occurred. This will help to ensure monthly reconciliations are performed timely.	The HPRS Accounting Policy and Procedure will be revised to include provisions ensuring timely completion of bank reconciliations.	Closed	Immediate
		Comments: None			
Investments	HPRS policies and procedures were obtained and reviewed and interviews were conducted to gain an understanding of investment management fee process. A sample of contracts with investment managers was selected and detail testing was performed.	Issue: Upon detail testing of investment manager fees and discussion with HPRS personnel, IAD noted a lack of policies and procedures regarding the oversight of investment manager fees (e.g., criteria for evaluating fees for reasonableness, fee analysis over time, recalculation of fees, etc.)	Develop and implement formal policies and procedures for monitoring investment manager fees, including for fee reasonableness, periodci fee analysis, and recalculation of fees.	Open	7/1/2026
		Comments: None			

Human Resources	HPRS policies and procedures were reviewed and interviews were conducted to gain an understanding of the human resources function. A sample of personnel files was haphazardly selected and compared to the personnel file checklist to ensure files were complete. Employee job descriptions were obtained and reviewed for positions that require professional licensures or certifications, and detailed testing was performed to ensure the professional licensures or certifications were obtained.	**Issue:** Upon detail testing of Form I-9s, IAD noted six (6) out of eight (8), or 75%, instances where the Form I-9 was not completed correctly, in accordance with U.S. Citizenship and Immigration Services (USCIS) rules and regulations. **Recommendation:** IAD recommends that the HPRS correct all Form I-9 errors in accordance with USCIS rules and regulations. This will help to ensure compliance with the USCIS guidelines and proper safeguarding of confidential information.	The I-9 forms have been corrected, and a memo has been attached to each form. Additionally, an internal checklist has been created to ensure that all future new hire forms are completed accurately.	Closed	12/1/2025
		Comments: None			

Risk Rating Levels:
High: Requires Immediate attention and remediation.
Moderate (Mod.): Requires near-term attention.
Low: Improvements possible but does not require attention in immediate or near-term.

Recommendation Status:
Closed: Management has implemented the audit recommendation and it has been validated by Internal Audit
In Process: Management has implemented the audit recommendation and it is in the process of being validated by Internal Audit
Open: Management has not yet implemented the audit recommendation (see anticipated implementation date)
Accepted: Management has chosen to accept the risk of not implementing this audit recommendation (additional discussion to be added in "Comments"

Completed Audits with No Recommendations

Audit Area	Scope
Payroll	HPRS policies and procedures were obtained and reviewed, and interviews were conducted to gain an understanding of the payroll process. A sample of pay periods was selected and detail testing was performed to ensure timesheets were completed and approved and employee time off taken agrees to the time off codes on employee paystubs and was properly deducted from employee accruals. In addition, detail testing was performed to ensure employee longevity pay was paid accurately in accordance with policies and procedures.
	Comments: No issues were noted.
ORC Compliance	ORC §5505 was reviewed, attributes were developed, and detail testing was performed to ensure the following: • The Board meets more than once a year. • The Board annually elects a chairperson and vice chairperson. • Records open to public inspection do not contain personal information. • Board members take an oath and the oath is filed with the Secretary of State. • The Board has an ethics policy. • The Board has a policy with the goal to increase utilization by the board of Ohio-qualified investment managers. • The Board has a procedure to ensure each employee is informed of the procedure for filing a complaint. • The Board submits at least annually to the Ohio Retirement Study Council (ORSC) an investment manager's report. • The Board submits at least annually to the ORSC a report regarding the disability retirement experience. • The Board submits to the ORSC an actuarial investigation of the deferred retirement option plan (performed every 5 years). • The Board submits at least annually to the required to the parties a full accounting of the revenues and costs relating to the provision of health insurance. • The Board handles bond offers from taxing districts appropriately. • The Board created a committee for the selection of the internal audit function and is composed of an active member, a retirant member, and an ex-officio member.
	Comments: No Issues were noted
	Comments:

Other Audit Related Activity

Area	Subject/Project	Description
None		

Composition of Audit Committee at end of reporting year 2025

Sergeant Derek Malone, Chair, Active Member

Trooper Cythia Wilt, Vice-Chair, Active Member

Colonel Charles Jones, Superintendent, Ex Officio Member

Lieutenant Brice Nihiser, Active Member

Sergeant (ret.) Michael Kasler, Retired Member